

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA) (CRIMINAL ACTION NO.
v.) (4:17-CR-177-1
ARLANDO JACOBS) (
) (
) (
) (MAY 14, 2018
) (10:42 A.M.

CHANGE OF PLEA HEARING

BEFORE THE HONORABLE JUDGE KIMBERLY C. PRIEST JOHNSON

UNITED STATES MAGISTRATE

APPEARANCES:

FOR THE GOVERNMENT: Mr. Jay Robert 'Jay' Combs

FOR THE DEFENDANT: Mr. Robert Gerard 'Bob' Arrambide

COURT REPORTER: MS. SHAWNA GAUNTT-HICKS, CSR
Deputy Court Reporter
United States District Court
Eastern District of Texas
(903) 276-1090
CSR NO. 9353

(Proceedings recorded, transcript produced by a court
reporter.)

1 MR. HAMILTON: No worries.

2 THE COURT: I was here in the hopes of trying to be
3 able to make it through the hearing and was just not able to.

4 So, Mr. Carey, I think you were driving from out of
5 town; so I apologize.

6 THE DEFENDANT CAREY: Yes, ma'am.

7 THE COURT: All right. Mr. Carey and Mr. Jacobs,
8 please raise your right hand to be sworn.

9 (Whereupon, the defendants were sworn.)

10 THE COURT: We're here today for your change of plea
11 hearing. You've been charged with violations of federal
12 criminal law in separate indictments; however, I'm going to do
13 your change of plea hearing together because there are
14 similarities in your plea agreement.

15 So if I ask generally a question, I'll need both of
16 you to answer. We are recording this proceeding; so for
17 clarity of the record, Mr. Carey, if you will always answer
18 first, Mr. Jacobs, if you'll answer second. And then if I have
19 a specific question for one of you, I'll -- I'll make that
20 clear. Okay?

21 THE DEFENDANT CAREY: Yes, ma'am.

22 THE DEFENDANT JACOBS: Yes.

23 THE COURT: All right. Please state your full name
24 and age for the record.

25 THE DEFENDANT CAREY: Craig Bradley Carey.

1 THE COURT: How old are you?

2 THE DEFENDANT CAREY: Thirty-one.

3 THE DEFENDANT JACOBS: Arlando Ramond Jacobs, 52.

4 THE COURT: And what is the last grade of school
5 you've completed?

6 THE DEFENDANT CAREY: College. Two years.

7 THE DEFENDANT JACOBS: Fifteen years. No graduate.

8 THE COURT: All right.

9 Have you ever been diagnosed with any mental illness
10 or problem?

11 THE DEFENDANT CAREY: No, ma'am.

12 THE DEFENDANT JACOBS: No, ma'am.

13 THE COURT: And are you currently under the influence
14 of any drug or alcohol?

15 THE DEFENDANT CAREY: No, ma'am.

16 THE DEFENDANT JACOBS: No, ma'am.

17 THE COURT: Counsel, do you believe your client is
18 competent to proceed here today?

19 MR. HAMILTON: Yes, Your Honor.

20 MR. ARRAMBIDE: Yes, Your Honor.

21 THE COURT: Sirs, you have the right to have you plea
22 taken by the district judge assigned to your case or you can
23 have me, a United States magistrate judge, take your plea and
24 make a recommendation to the district court.

25 Do you understand that you have this right?

1 THE DEFENDANT CAREY: Yes, ma'am.

2 THE DEFENDANT JACOBS: Yes.

3 THE COURT: Mr. Carey, I'm holding up your Waiver and
4 Consent form.

5 Is that your signature on the bottom?

6 THE DEFENDANT CAREY: Yes, ma'am.

7 THE COURT: Mr. Jacobs, I'm holding up your Waiver
8 and Consent form.

9 Is that your signature on the bottom?

10 THE DEFENDANT JACOBS: Yes, ma'am.

11 THE COURT: This question is to both of you. Did you
12 review this document with your counsel before signing it?

13 THE DEFENDANT CAREY: Yes, ma'am.

14 THE DEFENDANT JACOBS: Yes, ma'am.

15 THE COURT: And is it your desire to have me take
16 your plea here today and make a recommendation to the district
17 court?

18 THE DEFENDANT CAREY: Yes, ma'am.

19 THE DEFENDANT JACOBS: Yes, ma'am.

20 THE COURT: I find the Waiver and Consent has been
21 knowingly and voluntarily given, and we'll proceed with the
22 plea.

23 Have you had an opportunity to fully review and
24 discuss this case with your counsel?

25 THE DEFENDANT CAREY: Yes, ma'am.

1 THE DEFENDANT JACOBS: Yes, ma'am.

2 THE COURT: Are you satisfied with the advice you've
3 been given in this matter?

4 THE DEFENDANT CAREY: Yes, ma'am.

5 THE DEFENDANT JACOBS: Yes, ma'am.

6 THE COURT: Have you received a copy of the --
7 Mr. Carey, for you, it's an indictment, Mr. Jacobs, it's a
8 superseding indictment in your case?

9 THE DEFENDANT CAREY: Yes, ma'am.

10 THE DEFENDANT JACOBS: Yes, ma'am.

11 THE COURT: Do you understand the nature of the
12 charges alleged against you?

13 THE DEFENDANT CAREY: Yes, ma'am.

14 THE DEFENDANT JACOBS: Yes, ma'am.

15 THE COURT: You have the right to have this
16 indictment read aloud into the record or you may waive that
17 right.

18 What would you like to do?

19 THE DEFENDANT CAREY: Waive it.

20 THE DEFENDANT JACOBS: Waive as well.

21 THE COURT: All right. I am going to ask the
22 assistant United States attorney to read aloud the elements of
23 the offense to which you're pleading guilty. These are the
24 elements the Government would be required to prove beyond a
25 reasonable doubt to establish your guilt if you were to go to

1 trial.

2 Mr. Combs.

3 MR. COMBS: Gentlemen, you're charged with Count 1 --
4 or you're charged in your indictment with a violation of 18
5 United States Code, Section 1349, conspiracy to commit wire
6 fraud affecting -- or in violation of 18 United States Code,
7 Section 1343. The essential elements of your offense are as
8 follows:

9 First, that two or more persons in some way or manner
10 came to a mutual understanding to try and accomplish a common
11 unlawful plan to violate 18 United States Code, Section 1343,
12 as wire fraud.

13 Second, that you joined and knowing -- that you
14 joined the plan, knowing the unlawful purpose of it.

15 The elements of 18 United States Code, Section 1343,
16 are as follows:

17 First, that you knowingly devised a scheme to defraud
18 and obtain money and property by false and fraudulent pretenses
19 and representations or promises.

20 Second, that you acted with specific intent to
21 defraud.

22 Third, that you transmitted or caused to be
23 transmitted by way of wire communications and interstate
24 commerce any writing, sign, signal, or sound, for the purpose
25 of carrying out the scheme.

1 Fourth, that the scheme to -- to defraud employed
2 false material representations.

3 And, Mr. Jacobs, as to you, there's an additional
4 added element on there that your scheme affected a financial
5 institution.

6 THE COURT: To each -- to both of you, do you
7 understand each of the essential elements set forth?

8 THE DEFENDANT CAREY: Yes, Your Honor.

9 THE DEFENDANT JACOBS: Yes, ma'am.

10 THE COURT: And do you admit that you committed each
11 one of those elements?

12 THE DEFENDANT CAREY: Yes, Your Honor.

13 THE DEFENDANT JACOBS: Yes, ma'am.

14 THE COURT: All right.

15 I've received plea documents in your case, which
16 consists of a plea agreement, a plea agreement addendum, and a
17 factual basis.

18 Can you please confirm your signature on each one of
19 those documents?

20 THE DEFENDANT CAREY: Yes, ma'am.

21 THE DEFENDANT JACOBS: Yes, ma'am. All three.

22 THE COURT: And did you review each one of these
23 documents with your counsel before signing it?

24 THE DEFENDANT CAREY: Yes, ma'am.

25 THE DEFENDANT JACOBS: Yes, ma'am.

1 THE COURT: All right. I'm going to review some of
2 the paragraphs in your plea agreement. If you'll please follow
3 along, starting with Paragraph 1, entitled "Rights of the
4 Defendant."

5 This paragraph lists certain constitutional rights
6 that you have, such as to plead not guilty, to have a trial by
7 a jury, to have you guilt proved beyond a reasonable doubt, to
8 confront and cross-examine witnesses and call witness in your
9 defense, and to not be compelled to testify against yourself.

10 Going down to Paragraph 2. If you plead guilty to
11 Count 1, you will be waiving those constitutional rights.

12 Do you understand that?

13 THE DEFENDANT CAREY: Yes, ma'am.

14 THE DEFENDANT JACOBS: Yes, ma'am.

15 THE COURT: Paragraph 3, entitled "Sentence." This
16 paragraph lists the minimum/maximum penalties that can be
17 imposed in your case. They are as follows:

18 Imprisonment for a period not to exceed -- Mr. Carey,
19 for you, it's not to exceed 20 years, Mr. Jacobs, for you, it's
20 not to exceed 30 years.

21 A fine not to exceed -- this particular dollar
22 amount -- Mr. Carey, for you, it's \$250,000, or twice any
23 pecuniary gain to you or loss to the victims, and, Mr. Jacobs,
24 for you, it's not to exceed a million dollars.

25 A term of supervised release of not more five years.

1 A special assessment of \$100.

2 Forfeiture of property involved in or traceable to
3 the offense.

4 Restitution to victims or to the community, and costs
5 of incarceration and supervision.

6 Do you understand the minimum and maximum penalties
7 that can be imposed in your case?

8 THE DEFENDANT CAREY: Yes, Your Honor.

9 THE DEFENDANT JACOBS: Yes, ma'am.

10 THE COURT: Paragraph 4. I'm going to discuss these
11 differently.

12 Mr. Carey, your Paragraph 4 discusses the United
13 States sentencing guidelines. Essentially, these guidelines
14 will be used by the Court in determining your sentence but
15 they're not binding upon the Court.

16 Have you had an opportunity to review the sentencing
17 guidelines in your case with your counsel?

18 THE DEFENDANT CAREY: Yes, Your Honor.

19 THE COURT: And do you understand that these
20 guidelines are not binding upon the Court in determining your
21 sentence?

22 THE DEFENDANT CAREY: Yes, Your Honor.

23 THE DEFENDANT JACOBS: Yes, ma'am.

24 THE COURT: Well, Mr. Jacobs, let's -- let me talk
25 separately to you about your Paragraph 4 because it's a little

1 bit different.

2 Your agreement is made pursuant to Federal Rule of
3 Criminal Procedure 11(c)(1)(C), which means that you and the
4 Government have agreed that a specific sentence is appropriate
5 in this case. The agreed-upon sentence as stated here is as
6 follows:

7 That you'll be sentenced to a term of imprisonment
8 within the guidelines range of an offense level of Level 22,
9 and the Court will determine what criminal history category in
10 which you will be placed.

11 You'll be sentenced to a term of supervised release
12 of at least five years.

13 You'll pay restitution as set forth in Paragraph 5 of
14 the agreement.

15 You'll forfeit property as set forth in Paragraph 6.

16 You'll pay the special assessment of \$100 at or prior
17 to the sentencing.

18 And the Court will determine any -- determine and
19 impose any fine deemed appropriate.

20 Is this the agreement that you have made with the
21 Government?

22 THE DEFENDANT JACOBS: Yes, ma'am, it is.

23 THE COURT: All right. Do you understand that the
24 Court is not bound by this agreement?

25 THE DEFENDANT JACOBS: Yes.

1 THE COURT: In other words, the Court could decline
2 to accept this agreement.

3 Do you understand that?

4 THE DEFENDANT JACOBS: Yes, ma'am, I do.

5 THE COURT: All right. And do you also understand
6 that, if that happens, you'll have two options. Number one,
7 you can either withdraw your guilty plea.

8 Do you understand that?

9 THE DEFENDANT JACOBS: Yes, ma'am.

10 THE COURT: Or you can persist in -- in your guilty
11 plea and allow the Court to sentence you.

12 Do you understand that?

13 THE DEFENDANT JACOBS: Yes, ma'am, I do.

14 THE COURT: All right. And if you chose the latter
15 option and you maintained your guilty plea and allowed the
16 Court to -- to sentence you outside of this agreement, do you
17 understand that the Court would refer to the sentencing
18 guidelines but those guidelines aren't binding upon the Court?

19 THE DEFENDANT JACOBS: Yes, ma'am, I do.

20 THE COURT: All right.

21 Mr. Carey, your Paragraph 5 entitled "Guideline
22 Stipulations" lists certain guideline provisions that you and
23 the Government agree should apply in your case.

24 Do you understand that the Court is not bound by
25 these stipulations?

1 THE DEFENDANT CAREY: Yes, ma'am.

2 THE COURT: So even if the Court imposes a different
3 guideline provision than what you and the Government agree
4 should apply here, you'll still be bound by this plea
5 agreement.

6 Do you understand that?

7 THE DEFENDANT CAREY: Yes, ma'am.

8 THE COURT: Mr. Jacobs, your Paragraph 6 entitled
9 "Forfeiture." In this paragraph, you're agreeing the -- to
10 forfeit to the United States the items listed in the plea
11 agreement. They include cash proceeds that were seized at the
12 time of the arrest in the amount of \$1,005 and then any
13 substitute assets involving property listed in paragraph -- or
14 Subparagraphs 1 through 11. And I won't -- I won't read all of
15 it into the record, but it includes a CB Account Number 1, PNC
16 Account Number 1, PNC Account Number 2, COB Account Number 5,
17 private assets trust account, assets holding trust account,
18 Escalade Number 1, Maserati, BMW Alpina, Escalade Number 2,
19 Mercedes, and then -- it's not numbered, but also a diamond
20 ring that is pictured on Page 7 of the plea agreement.

21 Are you, in fact, agreeing to forfeit all of these
22 items to the Government?

23 THE DEFENDANT JACOBS: Yes, ma'am.

24 THE COURT: All right. If you will look with me --
25 Mr. Carey, your Number 10, Mr. Jacobs, your Number 9 --

1 entitled "Voluntary Plea." This paragraph states that your
2 plea of guilty is freely and voluntarily made. So I'll ask
3 you: Has anyone tried to force you or threaten you to plead
4 guilty in this case?

5 THE DEFENDANT CAREY: No, Your Honor.

6 THE DEFENDANT JACOBS: No, ma'am.

7 THE COURT: And other than this written plea
8 agreement, have any promises been made to you to try to get you
9 to plead guilty?

10 THE DEFENDANT CAREY: No, Your Honor.

11 THE DEFENDANT JACOBS: No, ma'am.

12 THE COURT: Finally, the following paragraph entitled
13 "Waiver of Right to Appeal or Otherwise Challenge Your
14 Sentence." This paragraph states that you're agreeing to give
15 up your appellate rights in this case with the exception of two
16 limited circumstances.

17 Mr. Carey, those circumstances for you include
18 imposing a sentence that exceeds the statutory maximum or,
19 Number 2, being your right to appeal or seek collateral review
20 of a claim of ineffective assistance of counsel.

21 Mr. Jacobs, your plea agreement actually states the
22 same thing.

23 Counsel, do you -- we normally include the -- the
24 third option for (c)(1)(C) plea agreements, where, after
25 accepting the agreement, the Court fails to sentence within the

1 terms of that agreement, some- -- something that we want to
2 add?

3 MR. COMBS: Your Honor, I think that's contemplated
4 in the language that's actually in the -- the 11(c)(1)(C)
5 agreement itself. And I've had to go both ways.

6 THE COURT: Okay.

7 MR. COMBS: I don't believe that it's necessary --

8 THE COURT: You don't think it's necessary?

9 MR. COMBS: -- to have it in the agreement.

10 THE COURT: Okay. Okay.

11 All right. Let me ask -- well, I don't know if I
12 actually asked -- asked the question of understanding; so let
13 me.

14 Do -- Mr. Carey, do you understand -- or are you, in
15 fact, giving up your rights to appeal with the exception of
16 these two circumstances?

17 THE DEFENDANT CAREY: Yes, ma'am.

18 THE COURT: And, Mr. Jacobs, are you, in fact,
19 agreeing to give up your appellate rights in this case with the
20 exception of these two circumstances?

21 THE DEFENDANT JACOBS: Yes, ma'am.

22 THE COURT: All right.

23 Have you -- Mr. Carey, have you ever been convicted
24 of a felony before?

25 THE DEFENDANT CAREY: Yes, ma'am.

1 THE COURT: All right.

2 Mr. Jacobs, have you?

3 THE DEFENDANT JACOBS: Yes, ma'am.

4 THE COURT: Okay. If you'll look with me at your
5 factual basis.

6 Mr. Combs, can you please summarize the factual basis
7 for Mr. Carey?

8 MR. COMBS: Yes, Your Honor.

9 Sir, you're agreeing -- you're stipulating that the
10 following facts are true. First, that you're pleading to
11 Count 1, to -- of the indictment, conspiracy to commit wire
12 fraud, and you're the same person that's charged in that
13 indictment. And, second, that the facts that are alleged in
14 the indictment occurred in the Eastern District of Texas and
15 elsewhere.

16 And, specifically, that, between July 8th, 2015, and
17 May 27th, 2016, in the Eastern District of Texas and elsewhere,
18 you conspired with others to pass fictitious checks drawn on
19 the accounts of the United States Department of Treasury at
20 Walmart stores nationwide. By presenting those fictitious
21 checks, you caused to be transmitted by means of a wire
22 communication in interstate commerce, a writing, sound, or --
23 or signal, in furtherance of the scheme of the fraud.

24 You knew at the time that you presented those checks
25 you weren't entitled to the funds and that you were committing

1 a crime by doing so. You were also present when others passed
2 those checks and you knew it was illegal and in furtherance of
3 the conspiracy.

4 Every time that you passed -- presented those -- the
5 fraudulent check to Walmart stores, you knew that it was -- you
6 were causing a wire communication and you weren't entitled to
7 those funds.

8 You presented those and cashed fraudulent checks
9 drawn on the Department of Treasury at Walmart stores,
10 including stores located within the Eastern District of Texas.

11 All totaled, you cashed 88 fraudulent checks for a
12 total of \$140,000 to -- \$140,269.32.

13 You've read the statement of facts. You're agreeing
14 with it. You've discussed it with your attorney. And you
15 signed it without reservation.

16 THE COURT: Thank you.

17 Mr. Carey, is everything in your factual basis true
18 and correct?

19 THE DEFENDANT CAREY: Yes, ma'am.

20 THE COURT: Are there any changes you wish to make to
21 it at this time?

22 THE DEFENDANT CAREY: No, ma'am.

23 THE COURT: All right. In your own words, please
24 summarize the criminal conduct that you're pleading guilty to.

25 THE DEFENDANT CAREY: I cashed fraudulent checks.

1 THE COURT: Okay. Can you give me a little more
2 information?

3 THE DEFENDANT CAREY: It was a group of people that
4 was with me, and I -- we all cashed fraudulent checks.

5 THE COURT: Okay. And you agree that you
6 successfully cashed a total of 88 checks that totaled
7 \$140,269.32?

8 THE DEFENDANT CAREY: Yes, Your Honor.

9 THE COURT: And you agree that some of the Walmart
10 stores where you presented and cashed fraudulent checks were
11 contained in the -- or resided in the Eastern District of
12 Texas?

13 THE DEFENDANT CAREY: Yes, Your Honor.

14 THE COURT: All right.

15 Are both counsel satisfied there's a factual basis to
16 support the plea?

17 MR. COMBS: Yes, Your Honor.

18 MR. HAMILTON: Yes, Your Honor.

19 THE COURT: All right.

20 Mr. Combs, can you please summarize the factual basis
21 for Mr. Jacobs?

22 MR. COMBS: Yes, Your Honor.

23 Sir, first -- I'm going to summarize this factual
24 basis because it is rather long. But at the end of it, you
25 agree that you've read the factual basis in its entirety and

1 you've discussed it with your attorney, you fully understand
2 the contents of the factual basis, and you agree without
3 reservation that it accurately describes your acts.

4 The acts that it describes are -- first, that there
5 was a conspiracy between October 16th, 2011, through, on or
6 about April 13th, 2017, in which you and an individual by the
7 name of Roland and others conspired and agreed together to
8 execute a scheme or artifice to defraud and obtain money and
9 funds by means of false and fraudulent pretenses and
10 representations from financial institutions and purchasers for
11 the purpose of executing the scheme and artifice, causing wire
12 transmissions of signs, signals, and writings to be sent in
13 interstate commerce. Your actions affected at least one
14 financial institution.

15 The conspirators created false -- fraudulent
16 documents that purportedly conveyed the ownership interests and
17 real property from true owners to shell companies controlled by
18 the conspirators.

19 You then filed fraudulent documents in the respective
20 counties of the real properties. The fraudulent documents
21 misrepresented that the conspirators' shell companies had
22 mortgage liens on the real properties and materially omitted
23 the true owners' and lenders' interests in the real properties.

24 The conspirators then caused the real properties to
25 be sold, knowing that the title companies would pay the false

1 mortgage liens in full with the buyers' funds as part of the
2 real estate transactions.

3 You -- the conspirators then caused the title
4 companies to transfer the fraudulent payoff amounts to the
5 conspirators' bank accounts by interstate wires, instead of to
6 the true mortgage lienholders, which were the financial
7 institutions.

8 On or about the following dates, as acts
9 representative of the conspiracy, yourself, Roland, and other
10 conspirators caused the following acts to be committed:

11 As to the Fox property, on or about June 3rd, 2016,
12 you caused a fraudulent substitute trustee's deed for the Fox
13 property to be filed with the Collin -- with the county clerk
14 in Collin County, Texas, in the Eastern District of Texas. The
15 document allegedly conveyed that the property from JP Morgan
16 Chase to a trust account that's listed in Paragraph 10 of the
17 factual basis.

18 On or about June 3rd -- same date -- you caused a
19 fraudulent deed of trust for the Fox property to be filed with
20 the county clerk in Collin County, Texas. The document alleged
21 that the trust obtained a loan from Greenpoint in the amount of
22 \$544,000 to purchase the Fox property.

23 On April 6th, 2017, you caused the Fox property to be
24 sold to a third party.

25 On the same date, you caused the title company to

1 receive a fraudulent payoff notice from Greenpoint stating that
2 the payoff on Greenpoint's loan to purchase the Fox property
3 was \$418,323.53.

4 On April 2nd [sic], 2017, you caused the title
5 company to transfer \$418,323.53 by wire of the purchaser's
6 money to CB Account Number 1.

7 You also engaged in fraudulent activity with respect
8 to the following listed additional properties, with the loss
9 amount reasonably foreseeable to you, exceeding \$3.5 million
10 but less than \$9 million. Those are properties located in
11 Paragraphs A through S on Page 4 of your factual basis, and --
12 in Rancho Cucamonga, California; Houston, Texas -- which is
13 misspelled. It's spelled Hoston, Texas. I suspect it's
14 Houston. Spring, Texas; Renton, Washington; La Jolla,
15 California; Sugar Land, Texas; Houston, Texas; Spring, Texas;
16 Spring, Texas; Cypress, Texas; Houston, Texas; Spring, Texas;
17 Houston, Texas; Arlington, Texas -- Texas; Frisco, Texas;
18 McKinney, Texas -- Texas; Irving, Texas; and The Woodlands,
19 Texas.

20 On Page 5 you're stipulating the following properties
21 were involved in your fraudulent scheme. Those are the
22 properties listed in Paragraphs U through GG. In
23 Houston there's one, two, three -- four properties in Houston.
24 Spring, Texas; Tomball, Texas; an additional three properties
25 in Houston, Texas; Spring, Texas; Converse, Texas; San Antonio,

1 Texas; and another in San Antonio, Texas.

2 THE COURT: All right.

3 Mr. Combs, is the -- does the Government agree
4 with Mr. Jacobs and Mr. Arrambide that the property listed in
5 two -- double H and double I should be omitted or not?

6 MR. ARRAMBIDE: Your Honor, I can represent to the
7 Court that Mr. Eason was in the room, as were the agents, when
8 we were discussing those three [sic] properties and they all
9 three agreed that the conspiracy itself had parted ways, and
10 those were properties that to were attributable solely to the
11 codefendant.

12 MR. COMBS: And this being 11(c)(1)(C), Your Honor,
13 the Government would so agree.

14 THE COURT: Okay.

15 Are you comfortable initialing for Mr. Eason?

16 MR. COMBS: Yes, Your Honor. May I approach?

17 THE COURT: Yes.

18 Thank you.

19 Mr. Jacobs, is everything in the factual basis true
20 and correct?

21 THE DEFENDANT JACOBS: Yes, ma'am.

22 THE COURT: Is there anything you'd like to change --
23 any changes you want to make to it at this time?

24 THE DEFENDANT JACOBS: None. Thank you, ma'am.

25 THE COURT: All right. In your own words, if you'll

1 please summarize the criminal conduct that you're pleading
2 guilty to.

3 THE DEFENDANT JACOBS: Yes, ma'am. I created
4 fraudulent documents, causing to be recorded into county
5 recorder's offices, and unjustly enriched myself by changing
6 the names to companies I controlled and caused the loss to go
7 to various banks or lienholders.

8 THE COURT: All right. Thank you.

9 Are both counsel satisfied there's a factual basis to
10 support the plea?

11 MR. ARRAMBIDE: Yes, Your Honor.

12 MR. COMBS: Yes, Your Honor.

13 THE COURT: All right.

14 Mr. Hamilton, let me ask you, have you had an
15 opportunity to fully review and discuss this case with your
16 client?

17 MR. HAMILTON: Yes, Your Honor.

18 THE COURT: Do you join in his decision to plead
19 guilty?

20 MR. HAMILTON: Yes, Your Honor.

21 THE COURT: Mr. Arrambide, have you had an
22 opportunity to fully review and discuss this case with your
23 client?

24 MR. ARRAMBIDE: I have, Your Honor.

25 THE COURT: Do you join in his decision to plead

1 guilty?

2 MR. ARRAMBIDE: I do, Your Honor.

3 THE COURT: All right.

4 Then I'll ask you -- with respect to Mr. Carey,
5 Count 1 of the indictment, which charges a violation of Title
6 18, United States Code, Section 1349, conspiracy to commit wire
7 fraud, how do you plead? Guilty or not guilty.

8 THE DEFENDANT CAREY: Guilty.

9 THE COURT: Mr. Jacobs, with respect to Count 1 of
10 the superseding indictment, which charges a violation of 18
11 United States Code, Section 1349, conspiracy to commit wire
12 fraud affecting a financial institution in violation of 18
13 United States Code, Section 1343, how do you plead? Guilty or
14 not guilty.

15 THE DEFENDANT JACOBS: Guilty.

16 THE COURT: All right. I'll accept your plea --

17 MR. COMBS: Your Honor --

18 THE COURT: Yes.

19 MR. HAMILTON: I apologize. But I don't think the
20 Court asked Mr. Carey's statement in his own words, what he
21 did. I may -- may have missed it.

22 THE DEFENDANT CAREY: I did.

23 MR. HAMILTON: Oh, did you? All right. I --

24 THE COURT: I did.

25 MR. HAMILTON: -- apologize, Your Honor.

1 THE COURT: That's okay. He gave a short
2 statement --

3 MR. HAMILTON: Okay.

4 THE COURT: -- and then he expounded a little bit.

5 MR. HAMILTON: All right.

6 THE COURT: So the record's good on that, I think.

7 MR. HAMILTON: All right.

8 THE COURT: All right. I will accept both of your
9 pleas of guilty and I'll make the following findings on the
10 record. For each of you, I do find that you are competent to
11 plead and you have had assistance of counsel, you understand
12 your trial rights and you understand the nature of the charges
13 alleged against you, you understand the minimum and maximum
14 penalties that can be imposed in your case, and that, in
15 determining your sentence, the district court will refer to the
16 sentencing guidelines but those guidelines are not binding upon
17 the Court.

18 I find that your plea is knowing and voluntary and
19 there is a factual basis to support the plea; so I will make a
20 recommendation that the district court accept your plea of
21 guilty. And you'll have 14 days to make any objection to that
22 recommendation.

23 All right. Let's see. Mr. Carey, I know you are
24 currently on release under certain conditions. I've received a
25 report from probation that you have been compliant with all of

1 those conditions.

2 Mr. Combs, does the Government have any objection to
3 Mr. Carey remaining on those conditions?

4 MR. COMBS: No, Your Honor, we don't.

5 THE COURT: All right.

6 Mr. Carey, I'm going to allow you to remain on
7 release under those conditions that you've currently been
8 operating, pending your sentencing hearing.

9 Mr. Jacobs, at this time you're going to be remanded
10 to the custody of the United States Marshal, pending your
11 sentencing hearing.

12 For both of you, prior to your sentencing hearing,
13 you will be interviewed by a probation officer. They'll
14 prepare a presentence report from that interview. You'll
15 review that report with your counsel. Your counsel can make
16 objections to that report. And the district court will
17 consider both the presentence report and any objections filed
18 by your counsel in determining your sentence.

19 Do you understand that?

20 THE DEFENDANT CAREY: Yes, Your Honor.

21 THE DEFENDANT JACOBS: Yes, ma'am.

22 THE COURT: Anything further from counsel?

23 MR. ARRAMBIDE: No, Your Honor.

24 MR. HAMILTON: No, Your Honor.

25 MR. COMBS: No, Your Honor.

1 THE COURT: All right.

2 We'll stand adjourned in your cases.

3 (End of proceedings.)
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C E R T I F I C A T E

I certify that the foregoing is a correct transcript from the
recording of proceedings in the above-entitled matter.

/s/ Shawna Gauntt-Hicks
Shawna Gauntt-Hicks
Court Reporter
State of Texas No. 9353
Expiration Date: 12/31/2019

1/26/2019
Date